



CITY OF TUCSON

NEWS RELEASE

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CITY OF TUCSON COMMUNITY SOLAR AGREEMENT WITH TUCSON ELECTRIC POWER

The City of Tucson will now be able to increase its usage of solar energy following the Arizona Corporation Commission's (ACC) approval last week of the City of Tucson's Community Solar Agreement with Tucson Electric Power (TEP). This follows the Mayor and Council reviewing and approving the agreement in March 2013.

Under Mayor and Council direction, the City of Tucson has been a leader in the promotion and use of solar energy for over 15 years, resulting in a current capacity of 4.7 megawatts (MW) on City facilities. The Bright Tucson Community Solar Rider Agreement offers a way to increase the City's solar usage by up to an additional 10 MW. It also offers the City protection from future electric base power supply charge increases for 20 years, resulting in avoided utility costs ranging from an estimated \$800,000 (without inflation) to \$2.9 million (with inflation).

Key provisions of this Community Solar Agreement include the following:

The City can purchase solar power at a premium of 1 cent per kilowatt hour (kWh) over a 20-year term.

The Base Power Supply rate is locked in at a weighted rate (versus summer and winter rates).

Participants in the program have no up-front expenses or equipment maintenance costs, protection against future energy cost increases and are exempt from paying surcharges on renewable energy, fuel and purchased power.

Excludes any demand charges, delivery services, ACC assessments, and taxes.

The City may purchase from 1 to 10 megawatts (MW) of solar generating capacity.

Termination for convenience will require the City to pay an early termination fee equal to the sum of the avoided REST surcharges plus any net difference in Base Power Supply and PPFAC charges calculated since the Effective Date.

The City will strategically subscribe only 50 percent of any account load to give ourselves flexibility to move that subscription based on future conservation, solar, sale, or property loss.

TEP's Bright Tucson Community Solar program is available to most customers of Tucson Electric Power. For information, visit tep.com

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